

Message Text

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ACTION OES-04

INFO OCT-01 ARA-06 ISO-00 ERDA-05 COME-00 AID-05 ACDA-05

CIAE-00 INR-07 L-03 NSAE-00 NSC-05 EB-07 NRC-05

FEAE-00 /053 W

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R 262355Z JUN 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8450

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E.O. 11652: N/A

TAGS: MX, TECH

SUBJ: NUCLEAR ENERGY: LAGUNA VERDE TURNS SOUR AGAIN

REF: MEXICO 3347

1. REPRESENTATIVES OF BURNS AND ROE (US ENGINEERING FIRM DESIGNING LAGUNA VERDE NUCLEAR ELECTRIC GENERATING STATION) HAVE REPORTED THAT RELATIONS WITH CFR (COMISION FEDERAL DE ELECTRICIDAD) HAVE DETERIORATED, THREATENGING, ONCE AGAIN, CANCELLATION OF PROJECT.

2. LATEST DEVELOPMENT INVOLVES GOM IMPOUNDING ALL BURNS AND ROE DOCUMENTS, DRAWINGS, AND ENGINEERING MATERIALS RELATING TO LAGUNA VERDE IN DISPUTE OVER SUPPOSED NON-PERFORMANCE OF CONTRACT & OWNERSHIP OF MATERIALS. BURNS AND ROE REPS REPORT CFE SOME 2 MILLION DOLLARS BEHIND IN PAYMENTS FOR BILLINGS AND BURNS AND ROE, TOGETHER WITH MEXICAN CONSTRUCTION FIRM BUFETE INDUSTRIAL, HAVE TEMPORARILY CLOSED PROJECT DOWN IN MEXICO.

3. BURNS AND ROE ALLEGE AGREEMENT HAD BEEN REACHED WITH CFE TO TRANSFER ENGINEERING OPERATIONS OUT OF MEXICO CITY BACK TO NEW YORK AND WERE PREPARING TO MOVE MATERIALS WHEN CFE SEIZED AND IMPOUNDED ALL DOCUMENTS. BURNS AND ROE HAVE LIMITED OFFICIAL USE

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ALSO BEEN THREATENED WITH LEGAL ACTION, INCLUDING THE

APPLICATION OF CRIMINAL PENALTIES TO BURNS AND ROE PERSONNEL, IF BURNS AND ROE DO NOT YIELD ALL MATERIALS. BURNS AND ROE MAINTAIN THEY STILL HAVE LEGAL OWNERSHIP OF ALL WORK PERFORMED IN LIGHT OF CFE NON-PAYMENT AND ARE MOVING REMAINING PERSONNEL OUT OF MEXICO TO AVOID THREAT OF CRIMINAL PENALTY.

4. IN MEETING JUNE 26 BETWEEN BURNS AND ROE AND CFE, BURNS AND ROE WARNED CFE THAT THEY WOULD TAKE LEGAL ACTION TO PREVENT ENGINEERING DOCUMENTS BEING USED BY ANYBODY ELSE. CFE REPLIED THAT CFE FEELS BURNS AND ROE HAVE NOT PERFORMED SERVICES AGREED UPON IN PREVIOUS MEETINGS AND THAT CFE WOULD NOT ALLOW BURNS AND ROE TO PULL MATERIALS OUT OF MEXICO.

5. IN GESTURE OF CONCILIATION, BURNS AND ROE HAVE MADE FINAL SETTLEMENT OFFER TO CFE REGARDING AGREEMENT ON SUMS OWED TO DATE, AND TERMS FOR FINISHING PROJECT. CFE PROMISED TO CONSIDER BURNS AND ROE PROPOSAL.

6. BURNS AND ROE ENGINEERING TEAM IS PRESENTLY BEING MOVED OUT OF MEXICO BACK TO NEW YORK. IF AGREEMENT IS REACHED WITH CFE, REMAINDER OF WORK WILL PROBABLY BE PERFORMED IN NEW YORK. BURNS AND ROE STILL ANXIOUS TO COMPLETE JOB, ESPECIALLY AS THEY ARE OWED 2 PLUS MILLION DOLLARS BY CFE. CFE, MOREOVER, IN ESTIMATE BY BURNS AND ROE, STAND TO LOOSE ONE YEAR AND PROBABLY MANY MILLION OF DOLLARS IF BURNS AND ROE CONTRACT TERMINATED.

7. BURNS AND ROE DO NOT WISH ANY USG INTERVENTION AT THIS TIME. THEY FEEL (AND WE CONCUR) THAT EMBASSY INVOLVEMENT WOULD BE COUNTER-PRODUCTIVE. THE EMBASSY STAND READY, HOWEVER, TO HELP IN ANY WAY IT CAN TO RESOLVE THIS SITUATION.

8. EMBASSY SCIOFF AIR POUCHING CHRONOLOGICAL FACT SHEET PROVIDED BY BURNS AND ROE FOR ATTENTION OF OES/SCI. JOVA

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR POWER PLANTS, PROGRAMS (PROJECTS), NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO05700
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750223-0759
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750613/aaaaalyf.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OES
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MEXICO 3347
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by BoyleJA>; APPROVED <11 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NUCLEAR ENERGY: LAGUNA VERDE TURNS SOUR AGAIN
TAGS: TECH, MX, US, BURNS & ROE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006